



Correspondence

Canyon Mine

ADEQ Inventory Number 100333

October 29, 1986

TO: Chuck Anders

THRU: Skip Hellerud *Skip*

FROM: ✓ Gary Ullinskey *Gary Ullinskey*

RE: Canyon Mine, Energy Fuels Nuclear

The purpose of this memo is to summarize the activity associated with the proposal to mine uranium near the south rim of the Grand Canyon by Energy Fuels Nuclear (EFN).

The Water Permits Unit received a Notice of Disposal (NOD) for the proposed facility dated July 24, 1985. The NOD stated that the proposed mine workings, to a depth of 1400 feet, would not encounter water, but that a lined surface impoundment was planned in the event that it did. On the basis of this information a Letter of Intent, signed by Skip Hellerud, was sent on November 18, 1985.

Subsequently, due to the backlog of NOD's the file was assigned to Andy Rendes of SRO. He drafted a permit and requested that a Public Notice of Intent to Issue be published. Meanwhile, the file was reassigned to me, Gary Ullinskey. I reviewed the file and the materials submitted in association with a NPDES application along with a hydrogeologic report prepared by Errol Montgomery & Associates. Montgomery's report, while acknowledging that little information for the area was available, indicated that the project vicinity was a groundwater recharge area and that generally the flow of groundwater was downward while some strata impeded the downward flow. It also indicated the presence of perched aquifers below the surface of the Coconino Plateau. It said perched aquifers may supply small springs in Grand Canyon and its tributary canyons. The underlying Redwall-Mauv aquifer is suspected to be the source for several large springs such as Havasu Falls. It concluded that "significant" effects on springs and groundwater were of low probability.

While reviewing the Draft Environmental Impact Statement (DEIS), I noticed that the applicant intended to continue exploratory underground drilling and mining below the 1400' level. I concluded that the information in NOD was incomplete and inconsistent with the DEIS and other available information.

In April, 1986, I wrote EFN a letter requesting additional information and clarifications including the volumes and expected quality of the mine water discharge, liner design, a site plan, a water management plan, and the status of a State air quality permit. Mr. Harold Roberts called and wanted to meet with me and discuss the project.

On June 3, 1986 we met. In attendance were Harold Roberts, Richard Munson their corporate counsel, Sheldon Muller, Chuck Gordon, Roger Kennett and me.

Mr. Roberts expressed distress about the need for additional information because of the November Letter of Intent. He stated that, in the future, his proposals would contain minimal information and no pollution control technology.

I expressed my concerns about the potential for radioactive contamination of the underlying aquifer and the surface soils through which precipitation will percolate. Usable quantities of water have been found in the area at depths of less than 150 feet. I asked if EFN could give an estimate of the quantity and quality of the mine water. They replied that they could not. When I asked Mr. Roberts if mining would terminate at the 1400 foot level, he replied that it would. Without such information I could not adequately determine that the project did meet the criteria of 208.A and that a permit application would be appropriate.

Mr. Munson became agitated and asked how I could make such a determination without adequate information. Mr. Roberts asserted that the mining zone is dry and that their exploratory drilling showed it. I asked him to supply drilling logs for the holes and their operation plan. I said that I would defer a decision until I had reviewed the logs and plans.

Mr. Roberts sent bore-hole logs for 18 exploratory holes. Some were dry, but more than half indicated that drilling had encountered saturated zones.

I contacted the National Forest Service, to check the status of the Final Environmental Impact Statement. It was due to be completed in September.

In mid-September, Mr. Roberts called to ask the status of the project and if there was any additional information required. I told him that some problems remained, such as the depth of mining in the operation plan and DEIS being inconsistent with the NOD. During this conversation, Mr. Roberts said that his statement in our meeting of June 3rd was "premature" and that EFN wanted to mine the entire ore body.

Based on this information, and a recently published DWR study of the southern Coconino Plateau, I determined that there was a potential for pollutant discharge. Additionally, I have developed a mistrust of the accuracy of information supplied by EFN. On September 24, 1986 I sent a letter requiring a permit application.

Bill Wiley has assigned Debra Daniel to the case, and I had scheduled a pre-proposal meeting with Mr. Victor and Mr. Montgomery for October 30th.

On October 27th I received a letter from Richard Munson which challenges my determination to require a permit application. Bill Wiley has subsequently requested that I cancel the October 30th meeting pending additional review of the project.

The earliest possible date that a permit could be issued, if we follow the permit application process, would be approximately March or April, 1986.

GMU/jh